

Massachusetts Electric

A **National Grid** Company



Amy G. Rabinowitz
Counsel

December 21, 2001

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

**Re: Investigation by the Department Regarding Billing Services, D.T.E. 01-28
(Phase II)**

Dear Secretary Cottrell

On behalf of Massachusetts Electric Company and Nantucket Electric Company, I am enclosing a Motion for Clarification or Reconsideration with respect to the Department of Telecommunication and Energy's December 14, 2001 order in the above-referenced proceeding. For the reasons set forth in the motion, the companies have not filed today with the Department a proposed revision to their tariffs providing for a change to customer payment allocation.

Thank you very much for your time and attention to this matter.

Very truly yours,

Amy G. Rabinowitz

cc: Service list

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**COMMONWEALTH OF MASSACHUSETTS
BEFORE THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Investigation by the Department on its
own Motion into the billing services
provided by distribution companies

) D.T.E. 01-28 (Phase II)

**MOTION FOR CLARIFICATION OR RECONSIDERATION OF
MASSACHUSETTS ELECTRIC COMPANY AND
NANTUCKET ELECTIC COMPANY**

I. INTRODUCTION

Pursuant to the Department of Telecommunications and Energy's ("Department") regulations at 220 CMR 04(5) and 1.11(10), Massachusetts Electric Company and Nantucket Electric Company (collectively "Mass. Electric") hereby move for clarification or reconsideration of the Department's December 14, 2001 order in the above-captioned proceeding ("Order"). The Order directed distribution companies to file revised tariffs for allocating partial payments between distribution companies and suppliers. The language proposed by the Department for inclusion in revised tariffs will require distribution companies to allocate partial payments between distribution companies and suppliers on a pro-rata basis, in proportion to the percentage of combined charges billed to customers.

The Order requires the filing of tariffs to be effective on February 1, 2002. Order, p. 15. Mass. Electric seeks clarification that the implementation date of the policy, as opposed to the effective date of the tariffs, will be no earlier than the date in which a company can actually make the necessary changes to implement the new policy. Because the partial payment allocation policy triggers several complex implementation issues,

Mass. Electric cannot make the February , 2002 date and will require a number of months to change its billing system to allocate partial payments consistent with the Department's allocation formula.¹ If the Department's Order actually requires a February 1, 2002 implementation date, Mass. Electric requests reconsideration of this directive.

II. STANDARD OF REVIEW

The Department's standard of review for clarification of its decisions is well-settled. The Department has stated that "[c]larification of previously issued orders may be granted when an order is silent as to the disposition of a specific issue requiring determination in the order, or when the order contains language that is so ambiguous as to leave doubt as to its meaning." Boston Edison Company, D.P.U. 92-1A-B at 4 (1993); Whitinsville Water Company, D.P. J. 89-67-A at 1-2 (1989). "Clarification does not involve reexamining the record for the purpose of substantively modifying a decision. Boston Edison Company, D.P.U. 90-335-A at 3 (1992), citing Fitchburg Gas & Electric Light Company, D.P.U. 18296/18297, at 2 (1976).

The Department's standard for reviewing a motion for reconsideration is also well established. Reconsideration of previously decided issues is granted only when extraordinary circumstances dictate that the Department take a fresh look at the record for the purpose of modifying a decision reached after review and deliberation. North Attleboro Gas Company, D.P.U. 94-130-B, at 2 (1995); Boston Edison Company, D.P.U.

¹ Mass. Electric cannot determine at this point when a partial payment allocation could be operational but such a change will take several months, at least. Please also see the discussion below in Section III.

90-270-A, at 2-3 (1991); Western Massachusetts Electric Company, D.P.U. 558-A, at 2 (1987). A motion for reconsideration should bring to light previously unknown or undisclosed facts that would have a significant impact upon the decision already rendered. It should not attempt to reargue issues considered and decided in the main case. Commonwealth Electric Company, D.P.U. 92-3C-1A, at 3-6 (1995); Boston Edison Company, D.P.U. 90-270-A, at 3 (1991); Boston Edison Company, D.P.U. 1350-A, at 4 (1983). In the alternative, a motion for reconsideration may be appropriate upon a showing that the Department's disposition of an issue was the product of mistake or inadvertence. Massachusetts Electric Company, D.P.U. 90-261-B at 7 (1991); New England Telephone and Telegraph Company, D.P.U. 86-33-J, at 2 (1989); Boston Edison Company, D.P.U. 1350-A, at 5 (1983).

III. DISCUSSION

In the Order, the Department directed each distribution company to submit revised tariffs within seven days of the Order that includes the following language regarding the allocation of partial payments:

A customer's payment shall be allocated between the distribution company and the competitive supplier in the following manner. The payment should first be allocated to distribution company and supplier charges in arrears in proportion to the percentage of the combined arrears represented by each charge. Any remaining payment should be allocated to distribution company and supplier current charges in proportion to the percentage of the combined current charges represented by each charge.

Order, p. 15. The Department also directed the distribution companies to include an effective date for the revised tariff of no later than February 1, 2002. *Id.* As described

below, Mass. Electric cannot change its billing system to allocate partial payments consistent with the formula until a point well beyond February 1, 2002.

In general, the Company has identified significant steps required to implement the Department's directives in the areas of credit and collection organization, customer communication and education, training for customer service representatives, and assurance of compliance with any applicable debt collection laws. The following procedures must be completed in order to change Mass. Electric's billing system to allocate partial payments for "complete billing" customers in a manner consistent with the Department's directives in the Order

- develop the algorithm to calculate variable percentages to allocate a partial customer payment;
- modify Mass. Electric's customer information system and its credit system, including: enhancing the integration with the payment processing system; developing a new database to track and report each customer's payment allocation for each bill; and developing a storage and online display system for use in responding to customer payment and billing inquiries.

creation of a new database to store and retrieve customer payments, revise payment plan algorithms, track disputed supplier bill amounts, process a revised service-termination determination, and issue credit/service-termination notices.

- test the new and modified systems described above.

Because of the complexity of the changes involved, as these system modifications are implemented, other necessary system changes may be identified.

The Order is ambiguous in that it requires a February 2002 effective date for the tariffs, but is silent as to the date on which the new allocation system is to be implemented. Mass. Electric does not believe that the Department meant to order a February 1, 2002

implementation date, in view of the need for each distribution company to alter its system substantially to accommodate the mandated changes.² Accordingly, Mass. Electric asks the Department to clarify the Order to state that the actual implementation date for the new payment-allocation system shall be determined for Mass. Electric and other electric companies based on the period necessary to make the billing system changes required.

In the alternative, if the Order was meant to establish a February 1, 2002 implementation date, Mass. Electric requests reconsideration. Reconsideration is warranted based on the mistaken factual assumption that it would be possible for Mass. Electric and other distribution companies to implement the Department's policy by February 1. In fact, it is not possible for Mass. Electric to implement the changes by February 1, 2002. Thus, reconsideration and additional comment or testimony on this point would be required.

In addition to providing the time needed to make system changes, a later implementation allows the time to resolve collaboratively certain details associated with the new policies that Mass. Electric believes are extremely important.³ For example, Mass. Electric has identified at least four implementation issues: (1) the applicability of the allocation formula to payment plans; (2) how payments are applied to re-institute distribution service after shut-off; (3) payment allocation in the event that charges are

² Mass. Electric is unaware of any comments that were submitted that addressed the ability to implement a system change of this magnitude in just over one month.

³ Indeed, making a change with respect to the partial payments system without reviewing the entire credit and collection process will lead to inconsistencies that will, at a minimum, lead to customer confusion.

owed to multiple suppliers; and (4) payment allocation for a commercial/industrial customer that has made a security deposit to Mass. Electric and has also made a security deposit to a supplier.

Regarding payment plans, distribution companies routinely allow customers with substantial arrearages to enter into monthly payment plans whereby such customers agree to pay the distribution company a set amount on a monthly basis that is applied against such customers' past charges. However, in order to apply the Department's tariff language to customers under payment plans, the distribution company will have to apply any payment both to distribution arrears and supplier arrears in order to cover both the payment plan amount and supplier arrears "in proportion to the percentage of the combined arrears represented by each charge." See Order, p. 15 Accordingly, in order to collect the level of monthly charges agreed upon by a customer and a distribution company in the context of a payment plan, the distribution company is responsible and is indeed required, de facto, to collect additional charges related to supplier arrears.

A similar situation arises if a distribution company has shut-off service to a customer and that customer wishes to pay distribution arrears sufficient to allow a reinstitution of service. In that instance, under the proposed tariff language, the distribution company will be required to collect both its arrears and at least a percentage of supplier arrears before such customer's service can be reinstituted. In effect, the Department's proposed tariff language requires distribution companies to collect past due charges on behalf of a supplier in order to reconnect a customer to distribution service.

The proposed tariff language also does not address a situation where a distribution company receives a customer's partial payment and such customer owes arrears to one supplier and current charges to another. For example, at the time a customer pays a bill, that customer may be in the process of switching suppliers. If the customer owes money to both the distribution company and the first supplier for past charges and also owes money to a new supplier for current charges, the tariff language does not give guidance as to how the distribution company should allocate a partial payment by that customer.

Mass. Electric has a policy for the allocation of a security deposit toward distribution charges. The tariff does not provide guidance for how security deposits are to be allocated, i.e. whether Mass. Electric must give a portion of its own security deposit to a supplier.

Because the Department's policy and effective date poses significant technical challenges for the distribution companies, Mass. Electric believes that the most effective procedure to address each of the many issues raised and move to a comprehensive pro-rata billing process that can be implemented effectively is for the Department to convene a Working Group of distribution companies, suppliers and customer groups to meet as often as necessary to discuss all issues relating to implementing the Department's pro-rata allocation policy. Similar to the Working Group formed to implement the Department's order regarding the provision of customer information lists to suppliers in Competitive Initiatives, D.T.E. 01-54, pp. 27-28 (Phase I) (October 15, 2001), a Working Group on partial payment allocation would allow distribution companies, suppliers and customer groups to develop the details associated

with implementing the Department's directives in this proceeding. This would enable the distribution companies to implement pro rata billing effectively and uniformly, which is crucial to its success for all parties: suppliers, customers, and the distribution companies

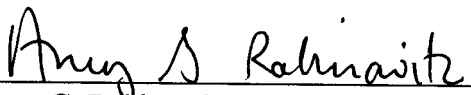
IV. CONCLUSION

For the reasons stated above, Mass. Electric respectfully requests that the Department grant this Motion for Clarification or Reconsideration, as described herein.

Respectfully submitted,

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

By their Attorney,



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Date: December 21, 2001